State of Rhode Island Department of Administration

INTER-OFFICE MEMORANDUM

Office of Accounts and Control

TO: Chief Financial Officers DATE: August 22, 2001

FROM: Lawrence C. Franklin, Jr., State Controller

SUBJECT: RI-SAIL INTERDEPARTMENTAL BILLING PROCEDURES

Procedures to be used for interdepartmental billings using RI-SAIL accompany this memorandum. They outline how accounting for interdepartmental billings and payments will be done in RI-SAIL.

The "Interagency Billing Document" referred to in the procedures is the RI-SAIL A-12T form. Initially, you will prepare and submit to the Office of Accounts and Control, in accordance with the procedures entitled, RI-SAIL A-12T forms. The Office of Accounts and Control will enter the transaction into RI-SAIL, either into the General Ledger (GL) database or the Accounts Payable (AP) database. At some future date, the Office of Accounts and Control will provide training to state agencies to enter interdepartmental billing transactions directly into the RI-SAIL AP database.

If you have any questions concerning this subject matter, please contact Steve Blazer via e-mail at Steveb@gw.doa.state.ri.us.

/hh CFO:02-11

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Office of Accounts and Control

RI-SAIL INTERAGENCY BILLING PROCEDURES (Revised 08/21/01)

1. BILLINGS BY ONE AGENCY FOR SERVICES PERFORMED FOR ANOTHER AGENCY.

If Agency A performs a service for Agency B in exactly the same way as an outside contractor would, then a) Agency A needs to bill Agency B and record a revenue, and b) Agency B needs to pay Agency A and record an expenditure. If the revenue and expenditure transactions are both to be recorded in the same fund, no cash need actually be transferred.

If, however, the revenue account used by Agency A is in a different fund than the expenditure account used by Agency B, then a check or wire is needed to physically transfer cash from Agency B's fund into that of Agency A.

To accomplish the necessary account postings in the situation described above, the billing agency, i.e., Agency A, will prepare an RI-SAIL Interagency Billing Document, assign a document control number to it, attach any necessary backup documentation, and have one of its authorized agents sign the document. It will then forward the document to the expending agency, i.e., Agency B, for one of its authorized agents to sign. Agency B, unless it is exempt from this requirement, will then forward any interagency billing document totaling more than \$5,000 to the State Budget Office for approval. Otherwise, the document may be forwarded directly to the Accounting Section of Accounts and Control. The Accounting Section will then use this document to create an entry in the Inter-Departmental Transfers screen of RI-SAIL AP debiting the indicated operating transfer out (or expenditure) account in the expending agency and crediting the indicated operating transfer in (or revenue) account in the billing agency.

Sometimes a billing agency, due to its unique business requirements, may wish to credit more than one revenue account on a single RI-SAIL Interagency Billing Document. Currently, however, RI-SAIL AP allows a credit to no more than one revenue account per interagency billing transaction. The billing agency may follow one of the following two options to get around this system limitation. Regardless of which method is chosen it is the responsibility of the billing agency to ensure that all of its revenues are eventually posted to the correct accounts.

1.1 The billing agency may choose to break out the billing into two or more separate billing documents, depending on how many revenue accounts are involved. If this option is chosen, care must be taken to allocate the expending agency's charges among the separate billings so that each document is self-balancing in terms of revenues and expenditures.

RI-SAIL INTERAGENCY BILLING PROCEDURES (Revised 08/21/01)

1.2 The billing agency may choose to credit only one of its revenue accounts on a single billing document, thereby avoiding the necessity of allocating the expending agency's charges among multiple documents. The billing agency would then prepare an adjustment voucher to allocate its revenues among the proper accounts.

Note that the procedures outlined in this section apply not only to those cases in which a particular State agency has performed services for a different State agency, but also to those cases in which a particular unit of a State agency has performed services for a different unit within the same State agency.

2. INTERFUND TRANSFERS BASED ON APPROPRIATIONS.

In the case where money is appropriated in one fund (usually the General Fund) for future transfer to another fund, the transfer will be done in the same manner as an interagency billing transaction. The amount to be transferred may be known in advance, as in the case of the transfers made by the General Fund to the Public Telecommunications Authority Fund once each quarter in accordance with quarterly allotments, or it may not be known in advance, as in the case of transfers made from the TDI Reserve Fund to the TDI Administration Fund on an as needed basis. In all such cases, the fund/agency receiving the money should post a credit to the appropriate "operating transfers in" natural account, and the fund/agency disbursing the money should post a debit to the appropriate "operating transfers out" natural account.

Note that under RI-SAIL, it is currently not possible to transfer General Fund monies to the State University and colleges on one document. These periodic transfers must now be made using a separate billing document for each institution.

3. ADVANCES FROM ONE FUND TO ANOTHER.

In the case where money has to be transferred from one fund as an advance to another fund in order to provide sufficient working capital for the latter fund to be able to conduct its business, the transfer will be posted in the same manner as an interagency billing transaction. In this case, the "billing" agency must credit an account containing natural account 208001, Loans from Other Funds, and the "expending" agency must debit an account containing a natural account in the 101900 series, Loans to Other Funds.

When the fund that received the advance wishes to pay it back to the fund to which it is owed, the repayment will be posted in the same manner as an

RI-SAIL INTERAGENCY BILLING PROCEDURES (Revised 08/21/01)

interagency billing transaction. In this case, the "billing" agency, i.e., the one receiving the repayment, must credit the account to which a debit was made at the time of the original advance, and the "expending" agency, i.e., the one paying back the advance, must debit the account to which a credit was made at the time of the original advance.

4. INTERNAL SERVICE FUND REIMBURSEMENTS IMPORTED DIRECTLY INTO RI-SAIL GL.

The State has several internal service, or rotary, funds, whose function is to pay bills to utility companies, vehicle dealerships, pharmaceutical companies, etc. on behalf of all State agencies. Reimbursement to <u>some</u> rotary funds for their expenditures is accomplished periodically by the generation of a tape or diskette in the Legacy system which determines the proportionate share of the cost that is owed by each State agency. Such tapes or diskettes will continue to be used under RI-SAIL for the following categories of internal service fund reimbursements:

- a) The biweekly State employee payroll
- b) The monthly pension payroll (for General Fund charges only)
- c) The monthly supplemental pension payroll
- d) The monthly health insurance "window" payroll
- e) The monthly Centrex distribution
- f) The semimonthly automotive distribution
- g) The monthly postage distribution

In each of these cases, the internal service fund agency will forward a hard copy of an RI-SAIL billing document to the Accounting Section of Accounts and Control. Contrary to the procedures discussed in sections 1 through 3 above, the billing agency must not assign a document control number to this document, since a number will be assigned to it by an automatic process. The document must, however, still be signed by an authorized agent of the internal service fund agency and must show, at a minimum, the rotary account number to be credited, the total dollar amount to be credited, and the period to which the bill applies. At the same time, the internal service fund agency will generate a corresponding tape or diskette and forward it to the Office of Library and Information Services (OLIS) within the Department of Administration. OLIS will then post the accounting transactions on the tape or diskette directly into RI-SAIL GL.

If a problem occurs with the posting process due to a "bad account" message, and the Accounting Section cannot readily determine what the correct account number should be, then someone within the Accounting Section will contact the

RI-SAIL INTERAGENCY BILLING PROCEDURES (Revised 08/21/01)

internal service fund agency for more information. Similarly, if the total debits and credits per the tape or diskette do not match the totals on the interagency billing document, the agency will be contacted for an explanation. When necessary, the Accounting Section will change any account number or amount that is determined to be incorrect. As with any other data posted directly into RI-SAIL GL, all rotary accounting transactions posted in accordance with these procedures will be exported after midnight into the RI-SAIL AP database in order to update the expenditure records there.

The internal service fund agencies will continue to send the State agencies and the General Treasurer's Office a hard copy of the same Legacy-generated printouts that they used to send them under the Legacy system.

5. INTERNAL SERVICE FUND REIMBURSEMENTS IMPORTED INTO RI-SAIL GL THROUGH ADI SPREADSHEETS.

In the case of the following internal service funds, requests for reimbursement from the State agencies that utilize their services will be in the form of an ADI (Applications Desktop Integrator) spreadsheet which someone within each internal service fund agency will fill in on a regular basis. The template for this spreadsheet is currently being developed by the Accounting Section of Accounts and Control and will soon be available for use by the internal service fund agencies. The spreadsheet will, at a minimum, require the internal service fund agency to list the State agency account numbers being charged (or credited), the amount being charged (or credited) to each account, a short description of what the charges (or credits) are for, the period to which the charges (or credits) apply, and the name and telephone number of the person who prepared the spreadsheet. The spreadsheet will also include a line to credit the appropriate receipt or liability account within the internal service fund. The spreadsheet must not include a document control number, since this will be assigned by the Accounting Section of Accounts and Control at the time of posting.

The preparer will e-mail the completed ADI spreadsheet to the following address: Steveb@gw.doa.state.ri.us. At the same time, he/she will also forward a hard copy of an RI-SAIL billing document to the Accounting Section of Accounts and Control. This document must be signed by an authorized agent of the internal service fund agency and must show, at a minimum, the rotary account number to be credited, the total dollar amount to be credited, and the period to which the bill applies. The Accounting Section of Accounts and Control will compare the information on the ADI spreadsheet to the information on the billing document and attempt to post the spreadsheet data to RI-SAIL GL. If the attempt proves unsuccessful, the Accounting Section will contact the person who prepared the spreadsheet to correct the problem. Once the

RI-SAIL INTERAGENCY BILLING PROCEDURES (Revised 08/21/01)

spreadsheet has been corrected, a second attempt to post it will be made. Once the information has successfully posted to RI-SAIL GL, it will be exported that night, along with any other data that was posted into RI-SAIL GL that day, into the RI-SAIL AP database in order to update the expenditure records there.

The internal service fund agencies will continue to send the State agencies and the General Treasurer's Office a hard copy of the same Legacy-generated printouts that they used to send them under the Legacy system.

Following is the list of internal service funds that will request periodic reimbursement (not less frequently than once a month) for their expenditures in the manner just described:

- a) The monthly Narragansett Electric distribution
- b) The monthly OLIS charges distribution
- c) The pharmacy distribution
- d) The laundry distribution
- e) The Central Distribution Center distribution
- f) The Correctional Industries distribution
- g) The Record Center distribution
- h) The Pastore Center telephone distribution

6. MONTHLY PAYMENT OF AUDIT FEES TO THE AUDITOR GENERAL.

On the first day of each month, the Accounting Section of Accounts and Control will run an FSG report detailing all federal receipts that posted to RI-SAIL GL during the preceding month. The Accounting Section will then produce an ADI spreadsheet based on this data that will a) debit (or credit the absolute value in those cases where the amount is negative) a list of expenditure accounts, each containing a natural account segment of 639750, in an amount equal to 0.1% of the total receipts posted to each one's related revenue account on the FSG report, and b) credit account 1011.18309983.461000.0000 for the total calculated audit fee charges. The data on this spreadsheet will then be posted directly into RI-SAIL GL. The data will also be exported that night, along with any other data that was posted into RI-SAIL GL that day, into the RI-SAIL AP database in order to update the expenditure records there.

Once the posting has been completed, the Accounting Section will e-mail a protected version of the ADI spreadsheet to the Office of the General Treasurer as well as to any other State agency that has provided the Accounting Section an e-mail address to which they would like a copy sent.

RI-SAIL INTERAGENCY BILLING PROCEDURES (Revised 08/21/01)

7. INTERDEPARTMENTAL TRANSFER NUMBERING CONVENTION.

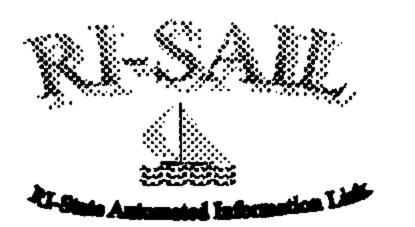
Whoever initiates an interdepartmental transfer in any of the situations described in these procedures, <u>except</u> in those situations described in sections 4 and 5 above, will use the following convention for assigning an eleven-character control number:

- a) The first character of the control number will be T.
- b) The second character will be the last digit of the fiscal year to which the transaction is to be posted.
- c) The next two characters will be the agency number of the billing agency.
- d) The next three characters will be the initials of the person in the billing agency who is creating the interdepartmental transfer document.
- e) The next four characters will be the next sequential number taken from the personal document log maintained by the person creating the interdepartmental transfer document. The numbers to be used each fiscal year by each individual will start with 0001 and may go all the way up to 9999 if necessary. Care should be taken to maintain a new log beginning with the number 0001 at the start of each new fiscal year.

T268SAB4502 is an example of one such interdepartmental transfer number that might be assigned using the above rules.

8. CAUTION.

Interfund transactions that do <u>not</u> qualify as interagency billings, such as expenditure adjustments, revenue adjustments, and expenditure credit adjustments between funds formerly had to be entered on an A-12T form. Under RI-SAIL, such transactions must now be posted by means of an RI-SAIL adjustment voucher. Please refer to the separate instructions for RI-SAIL adjustment transactions for guidance in these situations.

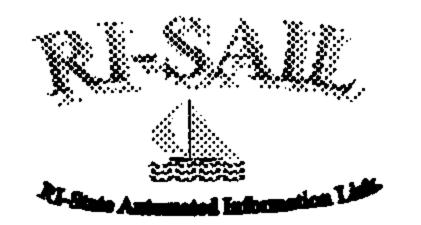


State of Rhode Island and Providence Plantations Department of Administration DIVISION OF ACCOUNTS AND CONTROL One Capitol Hill Providence, RI 02908

JOURNAL ENTRY NO. T274JRL4567

INTERNAL TRANSFER VOUCHER

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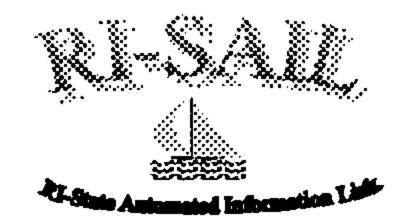
State of Rhode Island and Providence Plantations Department of Administration DIVISION OF ACCOUNTS AND CONTROL One Capitol Hill Providence, RI 02908

JOURNAL ENTRY NO. T268SAB0007

INTERNAL TRANSFER VOUCHER

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State of Rhode Island and Providence Plantations Department of Administration DIVISION OF ACCOUNTS AND CONTROL One Capitol Hill Providence, RI 02908

JOURNAL ENTRY NO. T268SAB0011

INTERNAL TRANSFER VOUCHER

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